

Minutes

DAGSBORO TOWN COUNCIL

Bethel Center – 28307 Clayton Street

Wednesday, September 18, 2019

I. CALL MEETING TO ORDER

Meeting was called to order by Mayor Baull at 6:00 p.m.

In attendance were: Mayor Brian Baull, Vice-Mayor Patrick Miller, Councilman William Chandler, Councilman Norwood Truitt, Councilwoman Theresa Ulrich, Town Administrator Cynthia Brought, Police Chief Steven Flood, Town Engineer Kyle Gulbranson, and Town Solicitor Greg Morris. See attached sign in sheet for other members of the audience.

II. POLICE DEPARTMENT PROMOTIONS

Chief Steven Flood started with promotions of Nick Disciullo (who was not present due to training) and Tyler Bare. Nick Disciullo is being promoted from Lance Corporal to Sergeant. Tyler Bare is being promoted from Lance Corporal to Corporal.

III. PUBLIC COMMENT

No public comment was made.

IV. NEW BUSINESS

A. Millsboro Water Rate Increase - Presentation by Jean Holloway with SERCAP.

Mayor Baull advised prior to Jean's presentation that we found out about this increase with our July bill. Our normal water bill is \$3.00 per 1,000 gallons, which we purchase from the Town of Millsboro. Our bill is around \$6,000-8,000 and Cindi stated the July bill was \$6,400 more bringing our bill to almost \$14,000. There was no notice and nothing was on the Millsboro Town agendas. Councilman Chandler stated not only was there no notice after the bill was received, there was no forewarning to the Town of Dagsboro. The Town of Dagsboro had received no inclination from the Town of Millsboro that at any point in time they were contemplating, studying, examining or even thinking about any water rate increase. It was all in place by the time that the Town of Dagsboro learned about it so we couldn't plan to address it.

Jean Holloway also added that she had just done a rate study for the Town of Dagsboro in the Fall. The rates went in to effect on January 1, and they were predicated on \$3 a 1,000 a gallon of purchased water. For the water rate to go from \$3 to \$5.40, that budget line item for purchased water goes from \$65,000 to \$129,000 for the 2020 budget.

Jean has come up with five scenarios:

Scenario 1:

Eliminating the base charge means the revenue would have to be recovered from somewhere else. For the base charge to be \$0 the water usage would have to be increased to \$12.41 per 1,000 gallons from \$4.15 to cover the shortfall. With this scenario the Town would still have only about \$294 “wobble room,” less than \$500 in terms of a cushion. Some of the lower end users, using less than 10,000 gallons actually would pay less per month without that base charge, however, the higher end users would see an increase in their bill and it would be exponentially higher; anybody using over 10,000 gallons, their bill would see an increase anywhere from \$500 to several thousand a year.

Scenario 2:

Maintain the same base charge of \$35 and just passing through the \$5.40 per 1,000 to the customer with no other increases. The lower end users would see a pretty modest increase. An average user of \$5,000 gallons would see an increase of about \$75 a year; however that would still leave the town with a deficit position of about \$38,000.

Scenario 3:

Again I took what the town is paying \$35 base & \$5.40 per 1,000 gallons with no mark up and transferred money in from the reserve account to cover the deficit. There is enough in reserve, however, that leaves very little reserve in that case and that would give them a breakeven position of about \$2,700 left over, and when I say left over, I mean that surplus is necessary because all of these are based on projections. The budget and usage is a projection so if you don't have a little left over at the bottom line you are leaving yourself open to not having enough money, that is why it is important to get a positive number and I keep it as small as I can when I do these rate studies.

Scenario 4:

Increase the base rate back up to \$40 instead of the \$35, which was brought down with the most recent rate study. Every equivalent dwelling in town would be paying \$60 more per year, but the town would still have a deficit of about \$51,590.

Scenario 5:

If you left base rate at \$40 how high would you have to make the water rate per 1,000 gallons to breakeven? At \$5.40 exactly what you are being charged, you would still have a deficit of about \$5,000. If you took it to \$5.90 (just add .50 cents to the \$5.40) you would breakeven at \$3,157.

These are the scenarios I have come up with, but this is your decision to make. You can cover this deficit for a year, in the interim at least by transferring money in from reserves, without increasing the base rate and just passing through penny for penny what Millsboro is charging you. If you want to increase

the base rate you will still have to adjust the water rate accordingly because just increasing the base rate is still going to put you in the deficit position.

Jean's suggestion is to look at transferring money from other funds to get you through this interim because they have hit you with something after your budget has already been struck, and you are going to have roughly about ten months of this or more. The town cannot keep selling water at a lower rate than what they are being charged. With that the town is losing \$1.25.

Councilwoman Ulrich suggested scenario 3 but tweak it by bumping up the \$5.40 to \$6.00. This would be \$3.00 more per 5,000 gallons. The average user of 5,000 gallons is going to be paying about \$65 a month or \$780 a year. That would change the transfer from \$41,071 to \$21,500 and would still leave a \$2,000 surplus. You also have on deposit impact fees that the accountant has said can be moved. So you could transfer the 21,000 from that and without touching the repair and replacement reserve that is already budgeted. Cindi stated that is simply transferring money from water impact fees to the water department. So basically Cindi would just be adjusting the budget transferring the money back and forth.

Councilman Chandler asked if there is anything in our indentures or the obligations to the state or federal government that would prohibit us from using the reserves. Jean stated, "not your debt service reserve, which you have had on deposit since back before Cindi's time." Your USDA debt service requirements are to have 10% of your debt service payment each year until you have accumulated the amount of one year's debt service payment. Instead of doing it on an annual basis, there was enough money at the time they just put the entire one year's payment in reserve as a CD. The \$41,000 does not include that. To Jean's knowledge there is nothing in the indenture to prohibit you from using that. She suggested the attorney would know more on that.

Mayor Baull asked if there are any other municipalities that sell water from one to the other in Delaware. Jean stated there are some that buy from either Artesian or Tidewater such as Ocean View. Kyle asked if Rehoboth sells water to Henlopen Acres. Jean stated probably but she is not as familiar with them, but it would usually be at wholesale bulk rate not at the retail rate.

Charles Cardinali, Chapel Crossing, stated "you discussed briefly raising the tax rate." Raising the tax rate would only hinder those people that don't use the water; we have a lot of summer people. By raising the tax rate they would be paying the same that we would be paying and we could make up that deficit. Is Millsboro going to clean up the water? Mayor Baull replied that has been an ongoing issue. It is a lack of communication. Mr. Cardinali stated that right now it is pink and iron in the water and if you don't scrub your toilet bowls everyday it leaves a ring like crazy. Mr. Cardinali also stated he has lived in towns all over this country and has never had this problem. When he lived in New Jersey his water bill was \$42 a quarter not a month, of course the taxes were higher. So what I am suggesting is if we had a slight tax increase to cover this, wouldn't that be beneficial for all the people in the town?

Councilwoman Ulrich stated that we can't change our property taxes to correct our water deficit, it is separate. Jean also stated that the people that don't live here full time are still paying \$35 per equivalent dwelling unit so they are paying towards the cost of your debt so they are covering that cost

even if they are not using a drop. Mr. Cardinali stated that we will see what the township comes up with but he thinks raising the water rates is ridiculous. If we have a surplus let's use the surplus for the year and visit it again in a year, you wouldn't hurt the people as much. Mr. Cardinali also asked how we could get rid of Millsboro. Town Administrator Cindi stated, "Artesian, "once in place. They are at least a year away still. Mr. Cardinali stated that he would like to see the water cleaner.

Jim Thompson, 29199 Shady Creek Lane, Addressed Jean on one of the scenarios. You have got a number in there \$12.41; can you tell me where you came up with that number? Jean stated the same place that all the other water rates come from in terms of setting up this model. That is eliminating the base charge entirely, and by doing that the other costs have to come from somewhere else. Per Jean, the deficit from a year ago did not include the reserves. The other question I have, which I brought up at the August, September, and October meetings last year is in regard to eliminating the 3,000 free gallons. After that meeting I went back and did a spreadsheet within 15 minutes based on the rates that were passed last year, the 1,000 gallon user saved \$.85 a month, with the new rate to the old rate, that's \$10 a year. The 2,000 gallon user rate went up \$3.90, or 8%. The 3,000 gallon user, their rate went up 19%, so you can't take the average user, you have to look at it at each level. The 30,000 gallon user, which we probably don't have any, actually paid less. Councilwoman Ulrich pointed out to Mr. Thompson that he actually had an error in the last column of the spreadsheet. The error was a wrong amount. Jean's recollection of what Mr. Thompson was advocating was to go to a zero base rate and a flat rate per 1,000 gallons, which would have been \$10. Mr. Thompson stated yes and if we had done that we wouldn't be dealing with this now, Jean states yes you would because they are doubling the amount of what you are being charged for water. Jean also stated that the only thing about no base rate is that leaves the town very vulnerable to fluctuations in usage.

Pastor of Bethel United Methodist Church, stated that this situation was not created by the residents of Dagsboro, but we were imposed by our neighboring town. My initial understanding on why the municipality had to increase the water bills was expansion in population and of new businesses. "I feel increasing any amount of money would cause unnecessary stress and/or burden on the residents and especially senior citizens."

Charles Cardinali stated that when he asked about cleaning up the water you stated there was a lack of communication from the town of Millsboro. Mayor Baull responded that when we have had issues with the town of Millsboro such as chlorine that Cindi is right on it with emails and phone calls and neither are returned and it has been that way for well over a year. Mr. Cardinali asked if there isn't a way to make sure they do that. Mayor Baull stated that we had started from the Mayor on down. Mayor Baull also stated that we had a meeting last year with the previous Mayor John Thoroughgood and other council members and we were told it was going to get better, and in the past year it has actually gotten worse. As far as the lack of communication, it is more a lack of responsiveness from the town of Millsboro; we communicate with them all the time. Councilman Chandler stated, "So I asked the town water manager why there was a pink ring in the toilet bowl, his answer to me was you don't clean it enough." My point is you can have a conversation, but the people don't want to listen to you, it is a difficult conversation to have. Mr. Cardinali stated they told him the pink was an algae in the water and there is nothing we can do. Jean stated there is a lot of iron in this area. Mr. Cardinali stated, " but you

can purify that out.” The Town Administrator stated it is tested on a daily basis. Councilwoman Ulrich states that ultimately it is well water. Well water is not going to be perfect as you are going to have issues. “I remember having a well and the iron was so bad that no water conditioner could really take it all out.” Jean stated that the water plant has a very delicate balance.

Mayor Baull asked for council’s opinion of the scenarios; obviously, we are not able to do anything tonight because we need to do the public hearing, resolution, and everything with an ordinance.

Councilman Truitt thinks we should consider scenario 3 at \$5.40 or scenario 6 at \$6.00. Mayor Baull also stated to keep in mind that this is only temporary and we are going to have to visit this again in a year. Town administrator Brought stated that we are going to be at least \$18,000 in the hole. The town is absorbing the extra cost right now. Councilwoman Ulrich is leaning towards scenario 6. Council was in agreement to have the ordinance drawn up for scenario 6 for the public hearing next month. Greg Morris will prepare the paperwork.

- V. Approval Of Minutes
 - July 15, 2019 (Regular Town Council)
 - July 15, 2019 (Executive Session Town Council)

Councilman Chandler moved to adopt the minutes for the regular session and executive session meeting minutes. Vice Mayor Miller seconded the motion. All were in favor.

- VI. Consent Agenda
 - A. Police Department Report

Chief Flood stated that August was a busy month for being short staffed and with training. Chief Flood stated for those that didn’t know, Chief Toomey’s last day was on August 23rd and Sergeant Litten’s is on September 26th. Corporal Disciullo and Corporal Bare stopped a vehicle for a traffic violation in the Bodies parking lot. They conducted a DUI investigation and it was found to be the defendants’ third felony DUI, so he was arrested for that. During that traffic stop they also recovered 10 grams of cocaine, seven oxycodone pills, one handgun, and some other drug paraphernalia. His vehicle was also seized and it has since been given back to him. Officer Bare and Officer Disciullo for the month of August had a total of six DUI stops with OHS. The four DUI arrests they did called for blood search warrants and the range from that is anywhere from \$125-\$175. Chief Flood reached out to OHS to see if they could get some kind of reimbursement on those. They are agreeing to reimburse us for all four of the DUI where Seascapes came out. They actually used us as an example and are in the process of making that part of the OHS DUI project since we are a small town and cannot afford to fork out \$175 each time. Officer Disciullo also had a very in depth rape investigation for the month of August, which is now with AG’s office for them to make a decision on.

Chief Flood discussed the patrol car and the fact that they have all been sharing vehicles with still not having the patrol car back from Hertrich of Milford and we are going on four months. Cindi and I have been promised for weeks that it would be ready on Friday. Chief Flood finally made a visit there and was less than pleased with the result. While there, Chief Flood cancelled the order of the second car.

Chief Flood was basically told the up fitter works on it when he can. Chief Flood is asking for the councils blessing on searching for a second vehicle elsewhere.

Chief Flood has also has spoken to Representative Danny Short and he is getting in touch with Representative Collins regarding a red light camera at Rt. 113 (DuPont Blvd) and Clayton Street. Chief Flood received an email on Monday that they are going to start the survey for that. He feels we have the statistics to support that red light. Councilman Chandler stated that he had talked to someone previous and that Chief Toomey had put him in touch with them. The intersection of Main St. and Clayton St. were examined and then we were told on the phone that he agreed that there are multiple dangers at that light. For example, if you are Northside crossing over to the town hall, people turning right pay no attention to the fact that you have a crosswalk sign saying walk. There have been narrow misses with people crossing within the crosswalk and vehicles making the right turn on red after stopping. He admitted that it was a huge problem but we have never heard back from him, so I'm not sure what the follow-up is. If Cindi could help me recall who that was so we could reach back out to him that would be the next step. Chief Flood is not sure that the analysis would warrant a red light camera there. You have to have certain parameters to get a red light camera.

B. Treasurer's Report

C. Administrative Report

Councilman Chandler thinks that if we have another potential public accountant that is willing to consider us he would entertain it. Have them submit a proposal or bid.

Councilwoman Ulrich asked about the landscaping stones for around town hall and the median on Rt. 113 around the signage. The Town Administrator explained the projects.

A discussion among Council regarding winter flags and the Christmas light placement for this year resulted in keeping the banners and light placement the same as it is too close to change anything. In Spring time when Christmas lights come down and the American flags would go back up. We are in need of more Spring flags and they are about \$100 each. Councilwoman Ulrich also mentioned wiring. Bill met with an electrician today to get an estimate and it will be split in sections. The worst wiring is down by Bodies and on down toward the railroad tracks. Town Administrator Brought is also looking into reaching out for donations such as Mountaire or some other bigger businesses to help out the town with the new wiring.

With the selling of Clayton Crossing, the Real Estate Transfer Tax fund has reached over \$300,000. Town Administrator Brought asked if she could get a CD for \$150,000. All were in agreement to move \$150,000 into a new CD.

Councilman Chandler asked about the water software problem. Town Administrator stated that we have been in contact with both Master Meter and Water Solutions. The consensus that we are getting is the register's batteries are dead. We have gotten some replaced that were under warranty. The registers that have not read for three months are the ones being replaced and then we are monitoring

that they are now reading after replacement. Town Administrator Brought will schedule them to come in again to talk to us.

Councilman Chandler asked Kyle how often we are to do the revised comprehensive plan. Kyle informed them that state law requires every municipality to update their plan at least every ten years with a review every five years. At the five year point you can look at your plan and determine if everything is relevant and if it is you can just submit a letter to the state saying that is the case. Five years ago we did a minor update to the plan, but it is basically a ten year cycle.

- D. Economic Development Committee
- E. Building Official Report
- F. Code Enforcement Report
- G. Meeting Reports
- H. Water Department Report
- I. Prince George's Chapel Cemetery Report
- J. Correspondence

Councilwoman Ulrich made a motion to approve the consent agenda. Councilman Chandler seconded the motion. All were in favor.

VII. PLANNING & ZONING COMMITTEE

A. Status of Comprehensive plan and recent public workshop

Mr. Gulbranson informed Council that what they had in front of them was the draft 2019 Dagsboro comprehensive plan. The planning commission has been working on this for about eight months now. As you recall we had a public opinion survey in January, with a very good response to that. We also had a public open house on the 5th of September which was also with a good turnout. Compared to some of the other towns around it was better than theirs. This is the ten year update so it is pretty extensive. The 2020 census is next year so we have estimated the population and demographic information from the information that we have. We have incorporated all the requirements that the state requires for a town of under 2,000. A lot of that has to deal with environmental issues which have all been updated in the plan. So you have a month to review the plan and at the October meeting we can discuss it more in depth. The process is for the draft plan to go before the Office of State Planning for a review by state agencies. That will be scheduled for October and hopefully, by your November council meeting, barring anything drastic from the state, or comments that you might have, we are scheduling it to be adopted in November. We had to request an extension from July until November. Town Administrator Brought and I are going to Cabinet meeting on State Planning issues to request the extension, it is kind of strange that we have to do that when we will be telling them that it is going to be adopted in a couple of weeks, but we have to go through the motions.

VIII. Public Comment

Jim Thompson, 29199 Shady Creek Lane, acknowledged Councilwoman Ulrich being correct with his error. Mr. Thompson would like the town to have Jean work out a scenario for each user, the average per 1,000 gallons, because then you will see the impact it will have on the residents.

Councilman Chandler motioned to adjourn the regular council meeting for executive session. Vice Mayor Patrick Miller seconded. All were in favor. Regular meeting adjourned for executive session at 7:15 p.m.

IX. EXECUTIVE SESSION

X. EXECUTIVE SESSION RESULTS

XI. ADJOURNMENT

Vice-Mayor Miller made a motion to adjourn. Councilwoman Ulrich seconded the motion. All were in favor.

Meeting adjourned at 7:38 p.m.

Respectfully Submitted,

Stacy West, Town Clerk